

Message Text

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TO AMEMBASSY BUDAPEST IMMEDIATE

INFO AMEMBASSY OSLO PRIORITY

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TODEP 57

E.O. 11652: N/A

TAGS: EFIN, HU, US

SUBJ: US-HUNGARIAN CLAIMS AGREEMENT: JUNE 10, 1975 PAY-
MENT

REF: BUDAPEST 2882; STATE 127938

1. THE HUNGARIAN REQUEST (REFTEL) FOR WASHINGTON RECONSIDER
ATION OF THE CLAIMS/GOLD COIN ISSUE FULFILLS THE GOH PRO-
MISE TO RAISE THE MATTER AGAIN, MADE IN CONNECTION WITH THE
FULL PAYMENT OF ITS ANNUAL CLAIMS INSTALLMENT ON JUNE 10.
(OUR LAST NOTE TO GOH, REFLECTED THROUGHOUT USG AND PRESENTED
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PRIOR TO GOH PAYMENT, REFLECTED OUR FIRM VIEW THAT ONLY

ONE INTERPRETATION OF THE CLAIMS AGREEMENT WAS POSSIBLE)
IF INDEED THE HUNGARIAN NOTE SERVES ANY FURTHER PURPOSE,
IT SEEMS TO US IT DIRECTS OUR ATTENTION TO THE SACRIFICE
THE GOH BELIEVES IT MADE WHEN THE FULL PAYMENT WAS DELIVER-
ED. AS EMBASSY IS AWARE, THE GOH DECISION TO PAY MAY HAVE
BEEN RELATED TO TWO OTHER ISSUES: MFN AND WORLD WAR I DEBT
AND JOHNSON ACT.

2. IF EMBASSY SEES NO OBJECTION, IT SHOULD REPLY TO
HUNGARIAN NOTE WITH THE FOLLOWING: ...REFERRING TO ...
QUOTE: THE GOVERNMENT OF THE UNITED STATES HAS NOTED WITH
GRATITUDE THE PAYMENT IN FULL BY THE GOVERNMENT OF HUNGARY
OF THE 1975 INSTALLMENT UNDER THE CLAIMS AGREEMENT. A
PORTION OF THE INSTALLMENT REPRESENTED AN ACCELERATION OF
THE PAYMENT OF THE FIXED AMOUNT DUE UNDER THE AGREEMENT.
PARA: THIS YEAR'S PAYMENT WAS INCREASED SIGNIFICANTLY BY
THE 1974 EXPORTS OF GOLD COINS FROM HUNGARY TO THE U.S.
THE EXPORT OF THESE COINS, HAVING BEEN PROPERLY INCLUDED
IN U.S. STATISTICS, NECESSITATED A LARGER 1975 INSTALLMENT
UNDER THE AGREEMENT. THE GOVERNMENT OF THE UNITED
STATES UNDERSTANDS THAT DUE TO THE RELATIONSHIP BETWEEN THE
HUNGARIAN MANUFACTURER AND EXPORTER OF THE COINS AND THE
THIRD-COUNTRY SUPPLIER OF GOLD PLANCHETS, THE HUNGARIAN
ENTITIES MAY NOT HAVE RECEIVED THE AVERAGE AMOUNT OF PRO-
FIT OR HARD CURRENCY INCOME REALIZED FROM OTHER HUNGARIAN
EXPORTS TO THE UNITED STATES. IT IS GRATIFYING THAT, IN
SPITE OF POSSIBLY LOWER COIN EXPORT PROFITABILITY, THE
GOVERNMENT OF HUNGARY WAS ABLE TO MAKE THE FULL 1975 PAY-
MENT. MORE THAN ONE-THIRD OF THE TOTAL DOLS 18,900,000 NOW
HAS BEEN PAID, HASTENING THE DAY WHEN ALL CLAIMS WILL HAVE
BEEN FULLY AND FINALLY DISCHARGED. TOGETHER WITH THE
SETTLEMENT WITH THE FOREIGN BONDHOLDER'S PROTECTIVE COUN-
CIL, INC. AND OTHER ECONOMIC EFFORTS BY BOTH PARTIES,
THE FOUNDATIONS FOR BROADENED BILATERAL ECONOMIC RELATIONS
CONTINUE, IN OUR VIEW, TO GROW. END QUOTE.

3. WE WOULD APPRECIATE DATE AND NUMBER OF NOTE PRESENTED.

4. WORLD WAR I/JOHNSON ACT ISSUE IS BEING SEPARATELY
TREATED. KISSINGER
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